

Globalisation — A multi-dimensional phenomenon ~~involving~~ involving diverse activities and interactions

Meaning

— Stretched Social Relations

economic, political,
technological, cultural and
environmental.

Spread across the world,
not confined to merely specific regions,
but whole world.

— Intensification of Flows

Rapid Flow of Information, Capital, Goods
(mobile phones, satellite television, internet)

— Increasing Interpenetration

Language, Food, dress and beliefs.

— Global Infrastructure

Global Market.

Provides the mechanisms of global governance.

Relations between social classes are brought sharp,
to focus on a global scale.

New social strata and factions both at the national and
global levels.

— Reformulation of Social Relations

and

1 Liberalisation -

- ⇒ Removal of controls and regulations at various levels of the economy
- ⇒ Favours a competitive market solution to economic issues
a reduced role for the state in economic management.
- ⇒ Creating conditions for the prevalence of civic and political rights, rule of law, accountability of power, periodic elections, Multi-party system, an impartial judiciary.
- ⇒ Proclaiming ^{Freedom} of trade and investment, creation of free trade areas, elimination of govt controls on allocation of resources in the domestic economy, progressive removal of restrictions on external trade and payments, expansion of Foreign Investment, loans, and rapid technological progress.
- ⇒ Advocates a balanced budget
Reduction in progressive taxation
Social Security and welfare
A diminished role for the state in economic management
does not favour subsidies and state protection and ~~state~~ resource allocations through administrative means.

⇒ Inefficiency, corruption and mismanagement are built into regimes with excessive state control.

2 Shift From State to Market

1980s in the allocation of resources.

It accompanied by the information and communication revolution which favoured the market.

The transnational enterprises and Multilateral agencies (IMF, World Bank) brought enormous pressures on states to pursue a policy of liberalisation.

3 Facets of Liberalisation

Global phenomenon, closely with the process of Globalisation.

In Europe :-

curtailment of public expenditure,
cuts in social security and welfare programmes,
reduction in progressive taxation,
Abandonment of full employment policies,
Curbs on trade unions,
Flexible Labour Markets, privatisation of state enterprises

Did not affect highly protected agricultural production, the immigration policy and certain categories of international trade, particularly involving advanced technology.

In developing Countries

The state regulated imports and exports, Foreign investment, technology, labour markets and Collective bargaining.

The state owned and managed a wide range of industrial, agricultural, Marketing and Financial enterprises.

4. Shifting conception of Nation-state and Sovereignty

5. Impact of Globalisation

Economic Impact

⇒ Beneficial to consumers

increased the scale and allocative efficiency of Markets for goods and Capital.

Favour

⇒ Rise of a Flexible Mode of Production, Work Processes, Labour Markets, Production, Education, Patterns of consumption, Savings.

⇒ Promising a global economic order of both scale and quality.

⇒ Globalisation has been an important mechanism to upgrade technology and get an access to the global markets. These technologies have made global flows more intense and rapid.

⇒

Opposed

- ⇒ Greatly increased existing inequalities.
- ⇒ Growing disparity within the developed nations, between the developed nations and the developing nations, the developing nations themselves and among the poor across the world.
- ⇒ Cut in welfare programmes due to the decline in public expenditure especially on social services and welfare, reduction in subsidies of goods of mass consumption and decline in real wages.
- ⇒ While a great deal of attention is paid to formulate rules for the expansion of global markets and capital flows, little attention is paid to objectives like labour standards, poverty reduction and human rights.
- ⇒ Capital flows and trade have remained highly confined to certain core developed areas of the world. The rest of the world is subjected to a discipline to safeguard the interests of these core economies.

Political Impact

- ⇒ Expansion of liberal democracy world-wide.
- ⇒ Strengthened accountability and transparency of power and led to good governance
- ⇒ Circumscribed the power of the nation-state.
- ⇒ Globalisation has led to the rise of new social movements that do not fall within the vortex of traditional class movements, such as of women, peasants, ethnic communities, displaced people.
- ⇒ Emerged an interesting coalition of the traditional 'Left', opposed to global corporate capital and the 'right' defending national culture.

Cultural Impact

- ⇒ Phenomenal growth in the global circulation of cultural goods — printed matter, Music, Visual arts, Cinema, photography, radio, Television.
- ⇒ A great expansion of western and particularly American culture.
- ⇒ English language has emerged to a predominant position of being the language of communication within and between global organisations and institutions.
- ⇒ Extensive migrations of people both within and across states.

Response of the Indian State.

Measures towards Globalisation from 1980s
Technological basis of globalisation.

1991. ① Trade Policy Reform :-

dismantle the earlier import licensing system.

removal of tariff

reforms on quantitative restrictions on imports.

② Industrial Policy Reform :-

abolition of industrial licensing,

items reserved for public sector came to be highly restricted.

It extended favourable treatment to FDI.

A phased programme of disinvestment of public ownership in public sector undertakings was initiated.

③ Exchange Rate Reform :- Rupee was devalued in 1991.

④ Capital Market Reform :- by setting up the Securities and Exchange Board of India (SEBI).